



TNFORWARD
TOP TO BOTTOM
REVIEW

Chapter 3

COMMERCE &
INSURANCE

HIGHLIGHTS

- The department will promote Tennessee as a marketplace for new and existing business and professionals by eliminating unnecessarily burdensome or outdated regulations. Notably, the department has established infrastructure to enhance Tennessee as a domicile for captive insurance company formations.
- The department will streamline and simplify licensing processes across all of its divisions to consolidate common functions, develop modern digital infrastructure, and improve speed to market. Significant examples of this include utilization of System Electronic Rate Form Filings (SERFF) and State Based Systems (SBS) agent licensing, expansion of existing online licensing and renewal functions, and implementation of modernized telecommunications infrastructure.
- The department will reduce fire mortality and fire dollar loss in Tennessee by re-focusing and better integrating the full resources of the Fire Prevention Division and by identifying potential high-risk areas for targeted prevention efforts.

INTRODUCTION

The Department of Commerce and Insurance (TDCI) is the primary regulator of business in the State of Tennessee. Though the department is diverse, the one consistent focus throughout the agency in performing all its varied functions is to protect the consumers of the State of Tennessee, while at the same time, promoting a healthy market for businesses and professionals to practice their trades and professions without undue regulatory burdens. The department houses over sixty different regulatory programs overseeing a wide range of commercial, professional, and occupational activities. The department's responsibilities include the regulation of the insurance and securities industries, the State Fire Marshal's Office, the Division of Consumer Affairs, TennCare Oversight, and Regulatory Boards. Additionally, the department operates the Tennessee Fire and Codes Academy and the Tennessee Law Enforcement Training Academy and has administrative responsibility

for the Tennessee Emergency Communications Board, the Police Officer Standards and Training Commission (POST) and the Firefighting Commission. The department has responsibility for the Scrap Metal Dealers Registration program and the Tennessee Athletic Commission is attached to the department for administrative purposes as well.

The Department of Commerce and Insurance strives to protect Tennesseans by providing balanced and efficient regulation of industries and professionals, fire prevention, consumer advocacy and education, and specialized law enforcement. We strive to do all we can to assist and facilitate those persons wishing to do business in Tennessee coupled with the goal of strong enforcement against those that misuse that privilege and mistreat the citizens of our state. Promoting Tennessee as a marketplace for new and existing businesses and professionals by eliminating unnecessarily burdensome or outdated regulations is a principle to which the department is strongly committed.

APPROACH/METHODOLOGY

The Department of Commerce and Insurance's Top to Bottom Review examined TDCI's mission, functions, structure and focus. To undertake the Top to Bottom Review of the department's activities, focus was on two key questions. First, should state government actually be doing this? Second, is this the most efficient and effective way to do it?

In conjunction with the Top to Bottom Review, the department has prepared proposals for two other working groups commissioned by Governor Haslam. Department of Economic and Community Development's study of the reduction of regulatory burden and comprehensive review of state boards and commissions provide the framework for the response to the first question, "Should state government be doing this?" Once completed, the focus of the Top to Bottom Review was on the second question, "Is this the most efficient way to do it?"

To that end the department has identified the critical path areas to assure proper organizational structure, internal processes and procedures, staffing and

resources to meet departmental statutory responsibilities and serve the state and its citizens efficiently, effectively and fairly.

RECOMMENDATIONS

Recommendation 1: Dedicate a Captive Insurance Section within the Insurance Division with the goal of establishing Tennessee as a viable captive domicile to promote investment and job creation in the state.

Discussion: Legislation was passed in 2011 with the costs of establishing the Captive Insurance Section absorbed by departmental restructuring. Progress has been made with two captives being licensed and with two additional applications under review. Over 100 attendees from twelve states met at the initial meeting of the Tennessee Captive Insurance Association.

This recommendation has been completed.

Recommendation 2: Review departmental forms/ information required from licensees.

Discussion: Components of this extensive process include:

- Gathering of forms and the information (data elements) required,
- Determining the purpose of the document/data (why do we need it),
- Identifying the authority for requesting the information (i.e., statute, rule, etc.),
- Determining how the document can be delivered,
- What fee is associated with the document,
- Who reviews/approves the document,
- What information is stored and how is the information stored (i.e., entered into a database),
- What is the retention policy applicable for the document?

This task is a vital component of transforming to paperless operations and streamlining business processes. In the Codes Enforcement Division, one example of this document review relates to the online plans review submittal form, which has been improved by requiring design professional fields only when plans from a registered architect or engineer is required by rule, rewording to clarify questions regarding the scope of work and involvement of consultants, and adding more instructions and information to reduce user confusion.

As part of the department's effort of reviewing regulations in conjunction with the Department of Economic Development's study of regulatory burdens, streamlining efforts will include updating several of the department's rules, including plans to amend Tenn. Comp. R. & Regs. 0780-01-37 to allow electronic filing of insurance company annual reports and Tenn. Comp. R. & Regs. 0780-02-16-.01 (1) to delete the requirement that applications or documents mailed to the State Fire Marshal's Office be by certified mail.

Recommendation 3: Consolidate payment processing functions of the Fire Prevention Division, the Tennessee Athletic Commission and the Division of Regulatory Boards and consolidate other common licensing functions across regulatory boards.

Discussion: Consolidation of these functions will ensure faster processing of payments and a centralized customer location. Payment processing time will be decreased by 33% with a reduced time for crediting payment from an average of four days to the same day of receipt. This payment processing project was piloted and core processes are being evaluated for efficiency. Consolidating common licensing functions is part of an effort to streamline and create efficiencies for licensees.

Recommendation 4: Utilize System Electronic Rate Form Filing (SERFF) for rate and form filing and State Based Systems (SBS) for agent licensing in the Insurance Division.

Discussion: SERFF is currently used for both property/casualty and life/health products. SERFF and SBS have been cost neutral to operate, provide program enhancements (partly paid for with federal funds) and allow for electronic submission of rate filings and licensing functions. SERFF allows the public to access rate filing information online.

This recommendation has been completed.

Recommendation 5: Decrease records retention costs by electronic Record's Disposition Authorization (RDA) development, deployment of paperless processes and appropriate use of off-site storage.

Discussion: Utilization of off-site and paperless records storage is a key strategy to minimize increases in projected department rental costs due to renovations plans. Off-site storage provides significant costs savings especially with respect to records rarely needed. Requests for state electronic permanent records standards and RDA approval for destruction of paper records once scanned has been submitted. For regulatory boards, once paper licensing and complaint files are imaged and scheduled for destruction pursuant to Records Disposition Authorization 10222, there has been set forth a process that is being pursued by other divisions.

Recommendation 6: Deploy efficient communications using an integrated voice over internet phone system to monitor call volumes and allow for quality assurance review of customer interactions and maximize the use of Blackberries, wireless hand held devices, tablets and bar-coding for field operations.

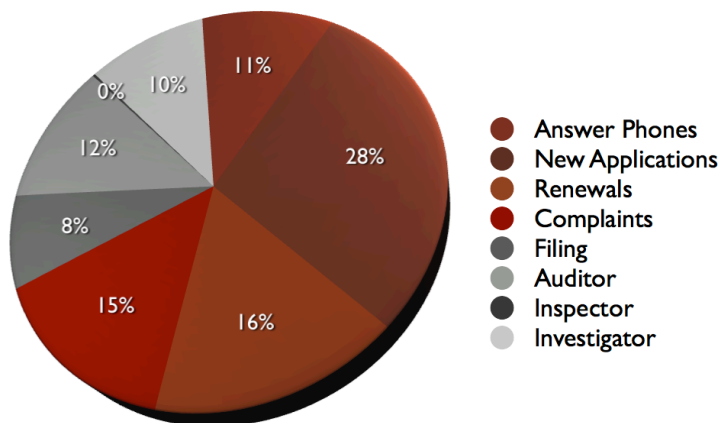
Discussion: Due to wiring requirements, implementation will generally follow re-modeling. Mobile devices that cost about \$600 each will replace laptops that cost about \$1,000 each. The estimate of initial savings for the first phase of this replacement is \$22,000, which would be used to advance the replacement schedule. Further, the modern phone system will serve as the platform to

integrate applications to streamline and support business processes and these devices will support the goal of becoming paperless. Arming statewide inspectors with tablets and licensee bar-coding will increase inspection efficiency and data transmission to the regulatory agencies.

Recommendation 7: Implement automated telephone inspection requests using an interactive voice response (IVR) system.

Discussion: This has provided an automated open-24-hours-a-day process for contractors and customers and has eliminated four hours of time per day for one employee, who has been assigned additional duties. By using IVR, residential permit inspection requests are immediately communicated to the inspector (who has two hours to accept the inspection or the request will be transmitted to a second-in-line inspector) so that inspections are performed with the required timeframes. This also provides automated reporting processes.

This recommendation has been completed.



Recommendation 8: Ensure the Fire Prevention Division has comprehensive and accurate annual data of fire incidents by improving fire reporting and tracking.

Discussion: Tennessee has an unacceptable accidental fire death ranking. However, accurate information is critical to fire prevention planning initiatives. Increasing participation in the Tennessee Fire Information Reporting System (TFIRS),

tracking death certificates, reviewing insurance reports and monitoring media reports are methodologies being used to accomplish this objective.

This recommendation has been completed.

Recommendation 9: Develop GIS maps showing predicted areas where fire deaths are likely to occur and increase education and prevention efforts in these areas.

Discussion: In partnership with the University of Tennessee’s Institute for Public Service (IPS), a state demographic analysis has been performed to allow for more focused fire prevention and education efforts.

This recommendation has been completed.

Recommendation 10: Distribute 10,000 smoke alarms to local fire departments and promote and track their installation.

Discussion: These smoke alarms have been distributed and approximately half of them have been installed in areas with the highest risks. This effort was funded with a federal grant of \$241,000.

Recommendation 11: Provide a new annual year-round guide, the “SFMO Monthly Fire Prevention and Public Fire Education Planning Guide”.

Discussion: This guide was released in October during Fire Prevention Week. It will highlight education activities of the State Fire Marshal’s Office (SFMO), including but not limited to the annual poster contest, the Fire Mortality Summit, “Get Alarmed Tennessee”, safe holidays, and set-your-clock-check-your-battery. Fire prevention messages will be added to all emails, letters, and vehicles and on the website.

This recommendation has been completed.

Recommendation 12: Move the Bomb and Arson Section into the main Fire Prevention Division offices and streamline special operations to target high areas of arson ensuring that the most egregious violations are dealt with promptly and appropriately, and release public information regarding arson convictions to serve as a deterrent.

Discussion: The estimated savings from reduced space needs is approximately \$31,000 annually and will be used to offset increased rent projected due to renovations. This move will better integrate the operations of the Bomb and Arson Unit with the goals of the Fire Prevention Division.

Recommendation 13: Implement a systematic restructuring of the resources and processes supporting complaint handling procedures.

Discussion: Complaint handling improved from 49% being handled within 180 days in 2009 to more than 80% being handled within 180 days currently in the regulatory boards division. Measures to track this effort enable better monitoring/measurement of productivity. Findings developed in this analysis effort, which were addressed, included that the department devoted insufficient legal resources to complaints, turnover and attrition in the legal division compounded this issue as an impediment to desired performance, management oversight was needed, case preparation support was needed and the various aspects of the complaint process had become too diffuse.

Recommendation 14: Develop a strategy to improve TDCI's customer service and marketing.

Discussion: This strategy shall be accomplished by improving the department's website in terms of functionality, uniformity, design and timeliness, and providing methodologies for customer comment and feedback in all program areas. Grant funds have been obtained for improvements relating to consumer insurance services and health insurance rate review. Staff time is reduced by providing customers with access to effective FAQs, reducing staff time, which will be measurable once the IP phone system is implemented. Maintaining telephone logs and analysis of calls, and improving customer website feedback tools are methodologies being used to accomplish this recommendation.